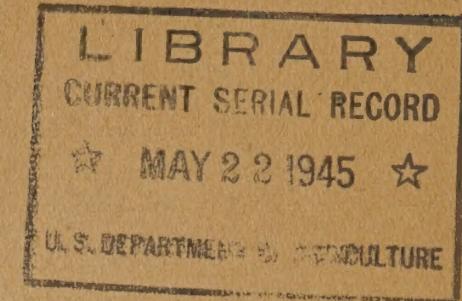


February 26, 1945

FCIC WHEAT HANDBOOK FOR THE AGENT

1945



The FCIC Wheat Handbook is designed for the use of the agent in selling crop insurance in 1945. It is intended to serve a twofold purpose. First, the main provisions of the wheat crop insurance program are briefly outlined for the convenience of the agent. The regulations should be studied carefully, however, to be able to give correct information about the insurance being sold. Second, typical examples are included for the guidance of the agent in the preparation and execution of the applications as well as the agent's sales report.

I. PRINCIPLE PROVISIONS OF THE 1945 WHEAT CROP INSURANCE PROGRAM

A. Scope of the Program

1. An application may be submitted by a landlord, owner, tenant, or share-cropper to cover his interest in the wheat crop at the time of seeding and it must cover all the insurable farms located or considered to be located in the county.
2. Insurance will be provided only under contracts covering three consecutive crop years.
3. The insurance in 1945 covers only spring wheat. It does not include winter wheat acreage reseeded to spring wheat.
4. The program provides for insurance against loss in yield, and the applicant may request that either 75 or 50 percent of the average yield be insured.
5. One application covers the applicant's interest in all farms located, or considered to be located, in the county. If a person is acting in a fiduciary or representative capacity, separate applications must be submitted in each capacity in which insurance is desired.

B. The Insurance Contract

1. The application, when accepted by the Corporation, together with the regulations, becomes the insurance contract.
2. The applicant's copy of the contract (a copy of the accepted application and a copy of the regulations) will be mailed to him by the Corporation.
3. The contract provides that insurance attaches when the crop is seeded. However, insurance will not attach to any acreage put to another use before it is too late to reseed to wheat.
4. Insurance ends upon threshing (unless combined and field-sacked and remaining in the field, in which event the insurance will not end until 120 hours thereafter) or removal from the insurance unit, but

in no event shall insurance remain in effect later than October 31 unless the time is extended in writing by the Corporation because of unusual circumstances.

5. The contract covers loss in yield due to unavoidable causes, including drought, flood, hail, wind, frost, winter-kill, lightning, fire, excessive rain, snow, wildlife, hurricane, tornado, insect infestation, plant diseases, and such other unavoidable causes as may be determined by the Board of Directors of the Corporation.
6. The contract does not cover loss due to neglect, theft, use of defective or unadapted seed, cover-pasturage, failure properly to seed, care for, or harvest the crop, etc. Neither does it cover loss due to breakdown of machinery or equipment, or to war shortages.
7. The contract provides that the right to an indemnity may be assigned for a loan or other obligation.
8. The insured may cancel his contract on future crops for the purpose of entering into a new 3-year contract, if one is offered. He may also cancel his contract for the third year by giving written notice to the county committee on or before the closing date for the second year. The Corporation may cancel the contract for any ensuing year by giving written notice to the insured on or before the closing date for such year, but such cancellation shall not affect any existing insurance coverage.

C. The Premiums

1. The premiums do not include any charge for the administrative cost, as this cost is paid by the Federal Government.
2. In executing the application for crop insurance, the applicant executes a note for payment of the premium. The note matures in annual installments at about harvest-time.
3. Immediately after seeding, the insured must submit a report of the acreage seeded to wheat. The premium is computed in bushels on the basis of this acreage report. The premium bushels will be converted to dollars based on the cash equivalent price.
4. Payment of premium with the application should never be discouraged and may be made to the agent. Such payment to the agent cannot be in cash but must be by check, money order, or bank draft, payable to the order of the Treasurer of the United States. However, cash payments may be made at the office of the county association at any time.
5. Payments submitted with the application will be on an estimated premium basis and any amount in excess of the annual installment may be credited on the remaining installments, or may be refunded if the Corporation so elects.
6. Unless the premium is paid before the maturity date, the insured will be notified of the amount of the cash premium due, which shall then be paid in cash.
7. The premium note bears no interest before maturity. After maturity, a period of two calendar months is provided for payment. Interest at the rate of one-half of one percent per month or portion thereof, beginning at maturity will be charged on any amount not paid by the end

of such period.

8. The premium can be made 50 percent lower if the producer lives in a designated high-cost area, insures continuously, and accumulates a premium reserve equal to or greater than his insured production.
9. The minimum annual premium for an insurance contract is 3 bushels of wheat.

D. Losses

1. If, at any time, it is probable that the crop is damaged to the extent that an indemnity may be claimed, the county committee should be immediately notified in writing by the insured.
2. Any acreage put to another use before it is too late to reseed wheat shall not be considered insured acreage.
3. If the crop is totally or substantially destroyed after it is too late to reseed wheat, the acreage may be put to another use, or other small grain may be seeded with the wheat crop, only with the consent of the Corporation. (See Part IV hereof for the maximum amount of indemnity payable on such acreage.)
4. The loss must be caused by one or more hazards insured against, or no claim for loss will be payable.
5. A claim for loss should be submitted to the Corporation immediately after the time of loss but must be submitted within 60 days after the time of loss. The claim shall be on the form prescribed by the Corporation.
6. The amount of indemnity payable for any insurance unit will be the insured production minus the insured interest in the harvested and appraised production, subject to certain adjustments as specified in the regulations. Other volunteer small grains or small grains seeded with the growing wheat, except on released acreage, will be counted as production of wheat. Threshed wheat so badly damaged that it is worth less than half price will be counted on a salvage basis.

If the seeded acreage exceeds the insured acreage, the production for the insured acreage will be determined by prorating the production on all seeded acreage.

7. Indemnities will be paid by the issuance of a certificate of indemnity which will show thereon the number of bushels of indemnity, and which will bear an expiration date.
8. Settlement under the certificate of indemnity will be made upon request of the insured. The certificate may also be used to obtain a loan from the Commodity Credit Corporation, if loans on certificates of indemnity are available.

E. Transfer of Interest

1. If any interest in the insured crop is transferred to another person the county committee should be immediately notified in writing by the transferor.

2. If there is a transfer of interest before a loss occurs, the indemnity will be payable to the person or persons having the insured interest in the crop at the time of loss.
3. The original insured will be responsible for the payment of the premium.

#### F. Average Yields and Premium Rates

The farm average yield and premium rate were established by the county committee in accordance with instructions issued by the Corporation. The average yields were established from actual production records, or by appraisal if production records were not available.

#### G. Minimum Participation

The Federal Crop Insurance Act requires that a minimum number of farms must be insured in each county before insurance will be provided. The submission of applications covering 50 farms will meet this minimum. In counties where less than 150 farms normally produce any crops authorized to be insured, applications must be submitted covering at least one-third of the farms normally producing such crops in order to meet the minimum.

The following space is provided for the agent to make any notes or comments that may be useful to him:

## II. AGENT'S SALES REPORT

The following is a typical example of how the agent's sales report should be prepared by the agent. If the agent is submitting applications covering more than one commodity, such as wheat and flax, separate sales reports shall be prepared for the respective commodities.

\* \* \* \* \*

Form FCI-1

UNITED STATES DEPARTMENT OF AGRICULTURE  
Federal Crop Insurance Corporation  
February 1945

Sheet 1 of 1 Sheets

### AGENT'S SALES REPORT

Wheat  
Name of Crop

State North Dakota  
County Bottineau

Name of Applicant	Address of Applicant	Farm serial number 1/	Relationship to farm 2/	Remarks
Joe Brown	Rt. 1, Dunn, N.D.	100	owner-operator	
" "	" " "	101	Landlord	
John Doe	Rt. 1, Dunn, N.D.	101	Share Tenant	Joe Brown
Joe Doe	Rt. 1, Dunn, N.D.	1397	Owner Operator	
" "	" " "	1865	Cash Tenant	John Smith

1/ List the farm serial number for each farm in the county on which the applicant has an interest in the crop to be insured.

2/ State whether the applicant is landlord, owner-operator, cash tenant, share tenant, or sharecropper and if the applicant is a tenant or sharecropper give the landlord's name in the "Remarks" column.

March 17, 1945  
(Date)

Agent's signature Richard Rae

\* \* \* \* \*

The original of the agent's sales report shall be forwarded to the office of the county association each day, together with all copies of the signed applications. The copy of the report shall be kept by the agent.

III. PREPARATION AND EXECUTION OF THE APPLICATION

The following is a typical example of how the application should be prepared and executed before it is forwarded by the agent to the office of the county association. Care must be exercised by the agent to see that all signatures are properly affixed on the applications, particularly those of persons acting in a fiduciary or representative capacity.

Form FCI-12-W  
U. S. DEPARTMENT OF AGRICULTURE  
Federal Crop Insurance Corporation  
February 1945

Budget Bureau No. 40-R1204  
Approval expires January 1, 1949

(State and county code and identification number)

Boettcher North Dakota  
(County) (State)

APPLICATION FOR WHEAT CROP INSURANCE

(Pursuant to the Federal Crop Insurance Act, as amended)

A. The application covers the crop years 1945, 1946, and 1947.  
B. The undersigned applicant, as evidenced by his signature in Item F below, hereby applies to the Federal Crop Insurance Corporation (herein called "the Corporation") for insurance to cover his interest as landlord, owner, tenant, or sharecropper in the wheat crop to be seeded for harvest as grain in any of the three years covered by this application. For each year the application covers all insurance units located, or considered for crop insurance purposes to be located, in the county designated above, in which the applicant has an interest at the time of seeding. The insurance shall cover loss in yield of wheat due to unavoidable causes, including drought, flood, hail, wind, frost, winter-kill, lightning, fire, excessive rain, snow, wildlife, hurricane, tornado, insect infestation, plant disease, and such other unavoidable causes as may be determined by the Board of Directors of the Corporation.

C. AVERAGE YIELD AND PREMIUM RATE PER ACRE.—The average yield(s) and premium rate(s) per acre for each insurance unit covered by the contract shall be those established by the Corporation for the first year of the contract and shall be on file in the office of the county association. If the insured acquires an interest in other insurance units for the second or third year of the contract, the average yield(s) and premium rate(s) for the insurance units shall be those which could have been or were established under the Wheat Crop Insurance Regulations for the first year of the contract.

D. INSURED PERCENTAGE APPLIED FOR: 75%  
(enter 50% or 75%)

E. CLASS OF WHEAT FOR THE PAYMENT OF PREMIUMS AND INDEMNITIES: No. 1 Dark Northern Spring  
It is understood and agreed that if the class of wheat to be used as the basis for the payment of premiums and indemnities is not entered above, or if the class of wheat designated by the applicant is not customarily grown in the area, the Corporation may enter or change the class of wheat. The class and grade of wheat to be used as the basis for the payment of premiums and indemnities shall be those determined by the Corporation.  
F. NOTE FOR PREMIUM.—Subject to the terms and conditions of Items A through H hereof, all made a part of this note, the undersigned applicant promises to pay to the order of the Federal Crop Insurance Corporation on or before the applicable maturity date specified in the Wheat Crop Insurance Regulations for each crop year,

the amount of premium due from him under the contract for such year, either in cash or wheat, or both, with interest after maturity on any unpaid portion thereof at the rate of one-half of one percent for each calendar month or fraction thereof, except that no interest will be charged on any amount that is paid within two calendar months after maturity.

Any unpaid amount of this note (either before or after the maturity date) may be deducted from any indemnity payable under the contract, from the proceeds of any commodity loan to the insured, and from any payment made to the insured under the Soil Conservation and Domestic Allotment Act, as amended, or any other act of Congress or program administered by the United States Department of Agriculture or the War Food Administration.

Name and Address of Applicant (type or print):

Name: John Doe

Address: Rt. 1 Dunn, N.J.

This name  
must agree  
with appli-  
cant's signa-  
ture

(Signature of applicant)

(Date)

Richard Doe

(Witness to applicant's signature)

G. RECOMMENDATION AND CERTIFICATION BY THE COUNTY COMMITTEE.—The member of the County Agricultural Conservation Committee, on behalf of such Committee, as evidenced by his signature affixed in such capacity below, recommends acceptance of the application and certifies that, to the best of its knowledge and belief, the application has been submitted in accordance with the provisions of the applicable Wheat Crop Insurance Regulations and any amendments thereto, and that if the signature of the applicant in Item F has been affixed by a person who signed as fiduciary or agent, such person had authority to act in such capacity.

194

(Date)

H. ACCEPTANCE BY THE FEDERAL CROP INSURANCE CORPORATION.—It is understood and agreed that upon acceptance of the application by a duly authorized representative of the Corporation, as evidenced by his approval below, the insurance contract shall be in effect, provided the application has been submitted in accordance with the provisions of the application and the applicable Wheat Crop Insurance Regulations. It is further understood and agreed that the accepted application and the applicable Wheat Crop Insurance Regulations, including any amendments thereto, constitute the contract between the Corporation and the insured.

THE FEDERAL CROP INSURANCE CORPORATION

194

(Date)

By \_\_\_\_\_ (Authorized Representative)

(Note: All checks, bank drafts, and money orders in payment of crop insurance premiums or indebtedness shall be made payable to the TREASURER OF THE UNITED STATES. Payment in cash shall be made only at the office of the county association.)

\* \* \* \* \*

All copies of the signed applications, including the producer's copy, shall be forwarded to the office of the county association each day together with the original of the agent's sales report and any premiums that may have been collected. Upon acceptance of the application by the Corporation, the applicant's copy thereof and a copy of the regulations will be mailed to him.

#### IV. MAXIMUM AMOUNT OF INDEMNITY PAYABLE AT VARIOUS STAGES OF PRODUCTION

The insurance of a specified yield per acre was one of the most important features of the wheat crop insurance program during the period 1939 -- 1943. However, experience in these 5 years demonstrated certain inequities in this plan of insurance. One of the most important inequities was in the treatment of two insured growers - one of whom produced the insured yield while the other had a total crop failure. Both growers obtained the insured yield either from actual production or an indemnity, yet the second grower incurred no harvesting and marketing costs. He may have also received an income from an alternative crop. In such a case, it frequently was more profitable to have a loss than to produce a crop.

The present crop insurance program does not alter the feature of yield insurance but it does provide for the payment of somewhat smaller losses in cases where there is a saving in production costs. The maximum insured production remains either 75 or 50 percent of the average yield. However, on any acreage of wheat seeded to a substitute crop (including small grains seeded with the growing wheat) after a release of acreage by the Corporation, the amount of loss payable cannot exceed 50% of the coverage on such acreage. On any other insured acreage of wheat not harvested for grain, the amount of loss payable cannot exceed 80% of the coverage on such acreage. An exception to this 80% provision is made when the 20% deduction exceeds 5 bushels. This will apply on farms where the average yield is over 33-1/3 bushels, in which case the amount of loss payable cannot exceed the full coverage less 5 bushels. These lower amounts of loss payable do not penalize the insured grower but merely prevent him from making more out of a loss than he would out of producing a crop.